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SUBJECT: SCENESETTER FOR ANGELA MERKEL'S CRAWFORD VISIT

Classified By: Charge d'Affaires a.i. John Koenig for reasons 1.4 (b,d)

11. (C) Summary: Angela Merkel will arrive at Crawford riding a wave of public approval surpassing 70 percent. Her popularity is credited to her effective leadership style, Germany's economic growth, and her skill in turning centrist appeals on climate change and social issues to her advantage.

Despite the weakness of her Social Democratic coalition partner (SPD), Merkel's Christian Democratic Union (CDU) faces challenges as it enters the second half of the legislative term. German public opinion is edging leftwards generally, and widespread skepticism about U.S. policy often constrains Merkel's Atlanticist instincts. Merkel has the power to shift public opinion when she engages directly on a priority issue. She has not taken a strong leadership role on Afghanistan up to now; there are indications that she may soon visit Afghanistan, which could increase her level of commitment to our shared goals. Merkel has shown her willingness to be tough with Russia on its foreign policy and on its domestic direction. She will want to compare notes on how we are approaching the transition in Russia, and how we prioritize key issues where the Russian position is critical (such as Iran, Kosovo, the CFE Treaty, and Missile Defense). Most importantly from a domestic point of view, we believe Merkel will want Crawford to highlight progress on some of her signature themes, especially climate change (on which she increasingly seems to be staking her chancellorship), but also on the Transatlantic Economic Council and possibly the Middle East peace process. End Summary.

Merkel Still Riding High

12. (C) Angela Merkel remains firmly on top of the German political scene as the country's most popular postwar politician. Approximately 80 percent of the public approves of her job performance. Due in large part to her personal popularity, her CDU holds a lead of about ten points over the SPD in opinion polls. The path is not completely rosy for Merkel, however. After her international successes at the G-8 and EU summits in the first half of 2007, public attention increasingly is focused on the domestic front, where (despite declining unemployment) many feel that Germany's economic "upswing" has eluded most Germans. Growth estimates are being revised downward, from 2.6 percent in 2007 to 2.2 percent in 2008. As elections draw closer, Merkel increasingly will seek to demonstrate the results of her leadership in the international sphere with a particular emphasis on binding commitments to address climate change, which she has defined as the central issue facing the planet that demands common action.

Merkel's Expectations from Crawford

¶3. (C) With domestic policy-making in the Grand Coalition increasingly plagued by partisan rivalry in the approach to 2009 elections, Merkel will need to maintain her standing within the EU and internationally, which has proven instrumental in buttressing her domestic popularity. Climate change offers an opportunity not only to satisfy her domestic audience, but to elaborate a broader leadership role for an EU audience as well. Merkel is committed to pursuing aggressive international measures to meet the challenges of global warming. Her support for mandatory, targeted global limits on greenhouse gas (GHG) emissions and an international cap-and-trade regime reflects a deep-seated belief that only drastic, concerted efforts on the part of the international community can slow -- and ultimately reverse -- the human contribution to global warming. In pursuing activist climate change policies, the Chancellor enjoys overwhelming support at home, across the board. Her unwavering support for an overarching, mandatory framework of emissions caps could put her increasingly at odds with our approaches and could lead to more visible disagreements, especially if Germany and other like-minded countries push hard for mandatory global GHG targets at the UN Bali Conference in December. Germany also plays a particularly key role as Europeans continue to focus on future energy needs. With a strong political mandate to reduce GHG emissions, Merkel recognizes that increasing attention to alternative energy sources is essential. Focusing on U.S.-EU cooperative efforts in this regard could be an advantageous way to downplay our differences.

¶4. (C) Merkel is competing with a more dynamic French President Sarkozy for attention on the international stage (his visit to Washington and appearance before a joint

BERLIN 00001980 002 OF 002

session of Congress November 7 will not have escaped notice here), and Crawford thus offers her the opportunity to remind the German public of her key role in international politics and Transatlantic relations -- and for us to push her for progress on key issues. Merkel was caught off guard by the French proposal for further EU sanctions against Iran, a step that presents a challenge to Merkel's -- and Germany's -- more cautious and measured foreign policy style. Merkel views Iran nonetheless as a priority and has been strong, even though her government often demonstrates a low degree of coordination on Iran issues. Her personal engagement therefore is essential to bringing her Government, the German business community, and the rest of the EU around; we should sketch our vision of diplomatic steps over the coming weeks and months and seek to enlist her increased personal engagement.

¶5. (C) Merkel is likely to raise her interest in the Middle East and ask what Germany and the EU can do to support the U.S. and promote a successful meeting in Annapolis. Foreign Minister Steinmeier, who currently is traveling in the region, recently announced an EU Middle East Action Plan, which, in part, calls for the EU to provide more development and rule-of-law assistance to the Palestinian Authority. Saudi King Abdullah will pay a State Visit to Germany November 7, and Jordanian King Abdullah will make an Official Visit directly thereafter -- Germany wants both visits to help connect moderate Arab leaders more closely to the Annapolis process.

¶6. (C) On Afghanistan, Merkel has helped maintain German deployments despite considerable public opposition, although she has let others do most of the heavy lifting. The German Parliament voted overwhelmingly October 12 to extend the ISAF/Tornado mandate and is almost certain to approve renewal of the OEF mandate in mid-November. The Germans have restricted their military presence mainly to the relatively secure north and have not been willing, for example, even to allow German military training teams to accompany their Afghan National Army (ANA) units on deployments to southern

Afghanistan. Merkel should get a sense in Crawford of how important additional German commitments (or flexibility in interpreting the German mandate) are to the United States. She may seek to have the U.S. continue to shift more of its activities, such as training and equipping of the ANA, from OEF to ISAF and to improve ISAF's strategic communications.

17. (C) Merkel also hopes to capitalize on the success of the German EU Presidency, in particular her signature initiative, the Transatlantic Economic Council (TEC), aimed at reducing regulatory barriers to transatlantic trade and investment. Merkel is concerned about maintaining the momentum in the TEC and fears that the European Commission and upcoming EU presidencies (including France) may lose enthusiasm for the project. A six-month review meeting of the TEC will take place in Washington on the same day as her Crawford visit. Merkel is also concerned about the recent turbulence in the German banking sector, partially connected to the U.S. subprime mortgage crisis, and the continuing appreciation of the Euro, along with rising oil prices. Together, these economic factors are expected to cause Germany's growth to slip from 2.6 percent in 2007 to 2.2 percent in 2008.

18. (C) The Chancellor may want to review in Crawford the agenda for the April 2008 NATO summit in Bucharest. She will be keen to hear our views on the role Afghanistan and Kosovo may play there. This is a good opportunity to encourage stronger German support on Missile Defense, energy security, and cyber security as key challenges facing the Alliance in the 21st Century. While we do not expect the Chancellor to raise it in Crawford, it is possible she might note her continued interest in German membership on the UN Security Council.

19. (C) A successful Crawford visit will strengthen Merkel's hand in dealing with her EU counterparts as they address critical decisions on Iran, Kosovo, the Middle East, the Transatlantic Economic Council, and climate change. It will also strengthen her domestic political standing if she can demonstrate concrete benefits to engagement with the U.S. at a time when the U.S. image among the German public remains unfortunately low.

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